



## Senate

General Assembly

**File No. 272**

February Session, 2018

Substitute Senate Bill No. 274

*Senate, April 5, 2018*

The Committee on Planning and Development reported through SEN. CASSANO, S. of the 4th Dist. and SEN. LOGAN of the 17th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING THE ASSESSMENT OF MUNICIPAL TAXES ON CERTAIN RESIDENTIAL DWELLINGS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 12-53a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2018*):

4 (a) (1) Completed new construction of real estate completed after  
5 any assessment date shall be liable for the payment of municipal taxes  
6 based on the assessed value of such completed new construction from  
7 the date the certificate of occupancy is issued or the date on which  
8 such new construction is first used for the purpose for which same was  
9 constructed, whichever is the earlier, prorated for the assessment year  
10 in which the new construction is completed. Said prorated tax shall be  
11 computed on the basis of the rate of tax applicable with respect to such  
12 property, including the applicable rate of tax in any tax district in  
13 which such property is subject to tax following completion of such

14 new construction, on the date such property becomes liable for such  
15 prorated tax in accordance with this section.

16 (2) [Partially] Except as provided in subdivision (3) of this  
17 subsection, partially completed new construction of real estate shall be  
18 liable for the payment of municipal taxes based on the assessed value  
19 of such partially completed new construction as of October first of the  
20 assessment year.

21 (3) Notwithstanding any provision of the general statutes or special  
22 act, municipal charter or home rule ordinance, land, including, but not  
23 limited to, individual parcels of land, lots in an approved subdivision  
24 or land that is the subject of an approved site plan, on which a one,  
25 two, three or four family residential dwelling is planned for  
26 construction, is under construction or has been constructed, shall be  
27 assessed exclusive of the value of such dwelling prior to the date (A) a  
28 certificate of occupancy is issued for such dwelling, (B) on which such  
29 dwelling is first used for the purpose for which it was constructed, (C)  
30 on which title to such dwelling is conveyed to a buyer that intends to  
31 use such dwelling for the purpose for which it was constructed, or (D)  
32 two years after the final building permit is issued for construction of  
33 such dwelling, whichever is earlier.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2018	12-53a(a)
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**PD** Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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### ***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 19 \$</b>	<b>FY 20 \$</b>
Various Municipalities	STATE MANDATE - Grand List Reduction	None	Potential Significant

### ***Explanation***

There is a grand list reduction associated with the bill, which would require that property on which residential dwellings are currently being constructed be valued exclusive from such construction. Properties with residential dwellings are assessed at a higher value, therefore it is anticipated municipalities would experience a grand list reduction when revaluing properties under construction. The associated revenue loss would vary depending on the number of properties currently under construction in any given municipality and a change in mill rates. It is expected a town would shift the tax burden to other residents to make up for this revenue loss.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 274*****AN ACT CONCERNING THE ASSESSMENT OF MUNICIPAL TAXES  
ON CERTAIN RESIDENTIAL DWELLINGS.*****SUMMARY**

This bill exempts certain partially completed residential structures from property tax.

The bill applies to one- to four-family residential dwellings that are planned for construction, are under construction, or have been constructed on individual parcels of land, approved subdivision lots, or land that is the subject of an approved site plan. Under the bill, such properties must be assessed based only on the value of the land (i.e., excluding the structure's value) until one of the following occurs:

1. a certificate of occupancy is issued for the dwelling,
2. the dwelling is first used for the purposes for which it was constructed,
3. title to the dwelling is conveyed to a buyer that intends to use it for the purpose for which it was constructed, or
4. two years pass since the final building permit for construction was issued.

Under current law, all partially completed new construction is subject to property tax based on the value of the partially completed portion as of October 1 (i.e., the start of the assessment year).

The bill's provisions apply regardless of any conflicting statute, special act, charter, or ordinance.

EFFECTIVE DATE: October 1, 2018

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea    22    Nay   0    (03/16/2018)